

AMENDED IN SENATE MAY 10, 2011

AMENDED IN SENATE APRIL 27, 2011

SENATE BILL

No. 42

Introduced by Senator Alquist

December 8, 2010

An act to add Section 14107.14 to the Welfare and Institutions Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

SB 42, as amended, Alquist. Medi-Cal: contracts.

Existing law, the *Knox-Keene Health Care Service Plan Act of 1975*, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law authorizes the department to enter into various types of contracts for the provision of services to beneficiaries, including contracts with managed care systems and prepaid health plans. Existing federal law provides for the federal Medicare Program, which is a public health insurance program for persons 65 years of age and older and specified persons with disabilities who are under 65 years of age.

~~This bill would prohibit the department from entering into a new contract, or extending an existing contract, with an organization that the department or another state entity has determined received state funds to coordinate services for patients eligible for both Medicare and Medi-Cal pursuant to a contract and was overpaid inconsistent with, or profited from capitated payments from the state in excess of, what was~~

~~authorized under the contract or state law. This bill would provide that the department may enter into a contract, or extend an existing contract, with an organization as described above if the organization has repaid the amount of the overpayment and any penalties that have been assessed.~~

This bill would require a health care service plan that coordinates services for patients eligible for both Medi-Cal and Medicare to report to the State Department of Health Care Services and the appropriate budget and policy committees of the Legislature if the actual use of services differs, as specified, from the anticipated use of services assumed in the plan's capitation agreement with the department.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14107.14 is added to the Welfare and
2 Institutions Code, to read:

3 14107.14. A health care service plan that coordinates services
4 for patients eligible for both Medi-Cal and Medicare shall report
5 to the department and the appropriate budget and policy
6 committees of the Legislature if the actual use of services, in
7 amount and type, differs substantially from the anticipated use of
8 services, in amount and type, assumed in the plan's capitation
9 agreement with the department.

10 ~~SECTION 1. Section 14107.14 is added to the Welfare and~~
11 ~~Institutions Code, to read:~~

12 ~~14107.14. (a) If the department or another state entity~~
13 ~~determines that an organization that received state funds to~~
14 ~~coordinate services for patients eligible for both Medicare and~~
15 ~~Medi-Cal pursuant to a contract was overpaid inconsistent with,~~
16 ~~or profited from capitated payments from the state in excess of,~~
17 ~~what was authorized under the contract or state law, the department~~
18 ~~shall not enter into a new contract, or extend an existing contract,~~
19 ~~with that organization.~~

20 ~~(b) The department may enter into a contract, or extend an~~
21 ~~existing contract, with an organization described in subdivision~~

- 1 ~~(a) if the organization has repaid the amount of the overpayment~~
- 2 ~~and any penalties that have been assessed.~~

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